

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

The HELP II Program

EXECUTIVE SUMMARY

Applicant: Crisis Support Services of Alameda County (“CSS”) 2401 Le Conte Ave. Berkeley, CA 94709 Alameda County		Amount Requested: \$400,000	Requested Loan Term: 15 years	Date Requested: January 30, 2003	Resolution Number: HII-137
Project Site: 6117 Martin Luther King Jr. Way, Oakland, CA/3408 Martin Luther King Jr. Way, Berkeley, CA (one building)					
Facility Type: Community Mental Health – Suicide Prevention/Crisis Intervention					
Use of Loan Proceeds: Loan proceeds will be used to finance the acquisition of an existing building. This building is being jointly purchased with the East Bay Agency for Children which is also on today’s agenda for a separate HELP II loan (see Tab 8).					
Type of Issue:		HELP II Loan			
Prior HELP II Borrower:		No			
Financial Overview: CSS is a profitable organization with a steady revenue stream and a strong demand for its services. The balance sheet reflects a financially conservative organization with no current debt and a very good ability to manage the proposed debt payment.					
Sources of Revenue: (FYE 6-30-02)		<u>Amount</u>	<u>Percent</u>		
	Contracts	\$714,932	84%		
	Contributions	114,428	13%		
	Other income	<u>19,104</u>	<u>3%</u>		
	Total revenue and support	<u>\$848,464</u>	<u>100%</u>		
<u>Estimated Sources of Funds:</u>			<u>Estimated Uses of Funds:</u>		
HELP II Loan	\$400,000	Building acquisition	\$627,000		
Borrower’s Funds	359,000	Remodel	225,000		
Tobacco Settlement Funds	<u>100,000</u>	Fees	<u>7,000</u>		
Total Sources	<u>\$859,000</u>	Total Uses	<u>\$859,000</u>		
Legal Review: No information was disclosed to question the financial viability or legal integrity of the Applicant.					
Staff Recommendation: Staff recommends the Authority approve a resolution for a HELP II Loan in an amount not to exceed \$400,000 for a term of 15 years for Crisis Support Services of Alameda County, subject to the standard HELP II loan provisions.					

STAFF SUMMARY AND RECOMMENDATION

Crisis Support Services of Alameda County (“CSS”)

January 30, 2003

Resolution Number: HII-137

I. PURPOSE OF FINANCING:

CSS has rented its existing facility since 1968 and recently negotiated its lease renewal. The organization must relocate by July 2004 or face a rent increase of \$28,000 per year. CSS’s Board decided that purchasing a building would be more financially viable since over the past three years, the organization has experienced a 25% increase in rental costs. After failing to locate an affordable facility to meet its needs, CSS decided to partner with the East Bay Agency for Children (EBAC) by purchasing a building that will provide suitable space for both agencies. Each agency will be 50% liable for all costs and financial responsibility associated with the building. CSS anticipates saving approximately \$14,000 annually in comparison to its current rent payments. (See Tab 8 for information on EBAC.)

***Purchase new building*\$627,000**

CSS and EBAC entered into a purchase contract to acquire an office building for \$1,253,841 (CSS’s share of the cost equals \$627,000.) The site is approximately 1 acre in size and has a 9,600 square foot building. The property straddles the city limits of Berkeley and Oakland with an appraised value of \$1.7 million.

***Remodel*225,000**

While most of the remodeling consists of cosmetic improvements such as light fixtures replacement, new doors, and new partitions, CSS and EBAC will also be adding skylights, security gates, and a new exit to the parking lot. CSS’s portion of the remodel is estimated to be \$225,000.

***Financing Costs* 7,000**

Authority Fee\$5,000
Title/escrow fees2,000

***Total*.....\$859,000**

Financing structure:

- 15-year fully amortized loan term in the amount of \$400,000.
- 180 equal monthly payments of approximately \$2,762 (total annual payments of \$33,148).
- Total interest payments of approximately \$97,219.
- A first position lien on the property located at 6117 Martin Luther King Jr. Way, Oakland CA and 3408 Martin Luther King Jr. Way, Berkeley, CA to be executed concurrently with EBAC.
- A first position lien on corporate gross revenue.
- Loan to value equals 47% based on the combined \$800,000 note that will be executed jointly with EBAC.

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II. FINANCIAL STATEMENTS AND ANALYSIS

Crisis Support Services of Alameda County Statement of Activities (Unrestricted)

	Five-month Period Ending November 30,			
	<u>2002</u>	<u>For the Year Ended June 30,</u>		
	<u>2002</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
	(unaudited)			
Revenues:				
Donated Services	\$ 18,448	\$ 44,275	\$ 44,275	\$ 42,000
Contributions	14,470	114,428	94,721	63,679
Grief Counseling Fees	-	-	7,500	12,387
Interest/Dividends	863	1,785	11,108	13,515
Other income	3,579	7,369	-	4,770
Net Assets Released from Restrictions	<u>348,892</u>	<u>714,932</u>	<u>643,405</u>	<u>590,351</u>
Total Revenues and Support	<u>386,252</u>	<u>882,789</u>	<u>801,009</u>	<u>726,702</u>
Expenses:				
Salaries and Benefits-Program Services	212,640	464,635	449,448	428,030
Salaries and benefits-Support Services	23,627	51,626	49,939	47,560
Donated Services	18,448	44,275	44,275	42,000
Insurance and Worker's Compensation	9,762	18,248	13,330	10,034
Memberships	650	7,026	5,504	5,147
Postage	2,562	7,561	5,783	7,047
Professional Services	16,912	27,477	19,742	33,403
Rent	20,500	46,700	42,000	37,300
Supplies	12,229	13,717	13,998	14,081
Telephone	13,610	29,849	32,719	26,452
Travel	3,310	9,613	8,577	9,683
Volunteer Program	2,370	9,187	9,237	7,081
Depreciation	-	10,534	12,637	13,893
Other Expenses	<u>19,724</u>	<u>30,587</u>	<u>38,198</u>	<u>35,121</u>
Total Expenses	<u>356,344</u>	<u>771,035</u>	<u>745,387</u>	<u>716,832</u>
Unrealized loss on investments	<u>(22,197)</u>	<u>(34,325)</u>	<u>(30,746)</u>	<u>(39,146)</u>
Change in Unrestricted Net Assets	7,711	77,429	24,876	(29,276)
Unrestricted Net Assets at Beginning of Year	<u>521,139</u>	<u>443,710</u>	<u>418,834</u>	<u>448,110</u>
Unrestricted Net Assets at End of Year	<u>\$ 528,850</u>	<u>\$ 521,139</u>	<u>\$ 443,710</u>	<u>\$ 418,834</u>

**Crisis Support Services of Alameda County
Statement of Financial Position**

	<u>As of</u>		<u>As of June 30,</u>	
	<u>November 30,</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
	<u>(Unaudited)</u>			
ASSETS				
Current Assets:				
Cash	\$ 310,822	\$ 272,377	\$ 264,100	\$ 175,698
Accounts Receivable	120,532	144,373	67,883	82,243
Advances	-	-	-	12,940
Deposits and Prepaid Expenses	9,923	9,024	8,574	7,804
Total Current Assets	441,277	425,774	340,557	278,685
Property and Equipment, Net	29,844	29,844	35,996	40,085
Contingency Funds (a)	55,000	100,000	-	-
New Building	52,771	-	-	-
Investments	82,977	105,876	144,376	171,843
TOTAL ASSETS	\$ 661,869	\$ 661,494	\$ 520,929	\$ 490,613
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	\$ 12,016	\$ 2,785	\$ 9,791	\$ 3,852
Accrued Expenses	30,807	32,570	30,928	26,754
Contingency Payable (a)	55,000	100,000	-	-
Deferred Revenue	11,667	-	36,500	41,173
TOTAL LIABILITIES	109,490	135,355	77,219	71,779
NET ASSETS				
Unrestricted Net Assets	528,850	521,139	443,710	418,834
Temporarily Restricted Net Assets	23,529	5,000	-	-
TOTAL LIABILITIES AND NET ASSETS	\$ 661,869	\$ 661,494	\$ 520,929	\$ 490,613

(a) CSS was awarded \$100,000 from the Tobacco Settlement Capital Improvement Fund. The Fund is held by the County of Alameda and is restricted for the purchase of the new building.

Financial Ratios:

	Proforma (b)			
	<u>FYE June 2002</u>			
Debt Service Coverage (x)	4.06	-	-	-
Debt/Unrestricted Net Assets (x)	0.77	-	-	-
Margin (%)		9.13%	3.23%	-4.26%
Current Ratio (x)		152.88	34.78	72.35

Financial Discussion:

CSS is a profitable organization with a steady revenue stream and a strong demand for its services.

CSS provides counseling services as part of the Alameda County Behavioral Health Care Services System of Care. Within this system of care, a patient is provided a range of mental health services by various organizations offering case management, crisis counseling, and psychological-emergency services.

CSS receives over 80% of its revenues from its contract with Alameda County. The revenues are classified as restricted and are released in 1/12 increments when services are provided and billed. Although the organization relies on the County for the bulk of its revenue, it does not anticipate the current state budget problems will impact its operations. To reduce its reliance on the County funding however, management is focusing its efforts on increasing revenues from contributions and grants.

CSS has a history of increasing revenues while containing expenses. Over the past three fiscal years, total revenues have increased 23% while expenses have grown at a slower pace of 8%. The lower interim period results are due to \$55,000 in revenue related to 2003 recorded in 2002, a one-time expense associated with two temporary consultants, and the cost associated with a new on-line donor management system. From FYE 2002 through the interim period, the salary expense has increased due to the addition of a new full-time development position.

Demand for services has continued to increase over the review period. Completed crisis line calls have increased 4% over the last three fiscal years to 26,372 and the number of individuals receiving in-house counseling and education remain stable.

The balance sheet reflects a financially conservative organization with no current debt and a very good ability to manage the proposed debt payment.

During the past three fiscal years, CSS has carried no debt while unrestricted net assets have increased 25%. Although the proposed debt is sizeable in comparison to the unrestricted net asset balance, the debt service coverage is a strong 4.06x.

To complete the acquisition and renovation of the new building, CSS anticipated it would need approximately \$450,000. After the CSS Board of Trustees approved the use of \$100,000 from reserve funds, CSS embarked on a fundraising campaign to raise the remaining funds. To date, \$200,000 has been raised (including \$100,000 from the Tobacco Settlement Fund) and \$50,000 has been spent for preliminary costs such as the escrow deposit. An additional \$123,550 has been committed by foundations and individuals, which is expected before the close of escrow in April. CSS anticipates it will raise an additional \$30,000 in donations. However, if these additional funds are not raised, the organization will use cash earmarked as reserves to complete the project.

III. UTILIZATION STATISTICS:

	Five-Months Ended Nov 30	Fiscal Year Ended June 30		
	2002	2002	2001	2000
Crisis Line				
First Time Calls	2,133	8,473	7,385	8,193
Repeat Calls	7,068	17,899	18,143	17,197
Total Complete Calls	9,201	26,372	25,528	25,390
Incomplete Calls(*)	5,068	11,416	12,191	14,296
Total Calls	14,269	37,788	37,719	39,686
In-Home Counseling Program				
Number of New Clients Served	45	76	82	75
Number of In-Home Counseling Sessions	421	938	920	848
Number of Supportive Out-Reach Calls	415	925	867	652
Grief Counseling Program				
<i>Individuals</i>				
New	29	58	68	69
Continuing	44	29	32	22
Total	73	87	100	91
<i>Groups</i>				
New	21	48	59	65
Continuing	11	17	21	21
Total	32	65	80	86
Education Program(**)				
Students Reached	3,919	12,918	12,619	10,264
Schools Visited	16	43	48	38
Classroom Presentations	110	359	318	251
Volunteer and Health Fairs	3	13	16	16
Community Presentations	2	5	7	8
Service Trainings	6	12	9	21
Peer Counseling and Group Training	1	18	-	-

*Incomplete calls occur when a) the CSS volunteer is forced to take a more pressing call, b) the caller is abusive and the CSS volunteer terminates the call, or c) the caller terminates the call.

**The Education Program does not operate in the summer months. From mid-September through mid-November, the activity is usually lower than the rest of the school year.

ORGANIZATION:

Background:

CSS began operations in 1966 as a 24-hour suicide prevention and crisis line and remains free of charge to every resident of Alameda County. CSS operates with a staff of 9 full-time and 5 part-time employees and currently utilizes the services of 60 active crisis line volunteers who provide a total of more than 13,000 hours of service each year. Twenty volunteer licensed therapists from the community provide supervision and training to the interns and volunteers.

While the 24-hour crisis line is the main focus of the agency, the agency also offers the following programs:

- In-Home Senior Counseling. This program targets low-income seniors in Central Alameda County who would not otherwise have access to mental health services.
- Grief Counseling. CSS offers both individual grief counseling and specialized group counseling for survivors of suicide and for those who have lost a loved one through traumatic death.
- Education and Outreach. This program targets youth and the community at large with a focus on suicide prevention.
- Community Support. CSS offers community support relating to traumatic events and services after major disasters such as the Oakland/Berkeley Hills Fire and the Loma Prieta earthquake.

CSS maintains close relationships with other social service agencies throughout the county and makes thousands of referrals each year to agencies that can directly respond to the needs of callers in the area of housing, jobs and other social services. In addition, CSS refers callers directly to mental health agencies that can provide them with counseling or psychological services.

Contracts:

CSS contracts with Alameda County as its primary source of revenues.

Licenses:

The Department of Health Services and the Department of Social Services do not license CSS since it is a community mental health facility. The Alameda County Behavioral Health Care Services has certified that CSS is an integral part of the Alameda County Behavioral Health Care Services System of Care which provides certified Medi-Cal mental health services throughout the County. CSS contracts with Alameda County pursuant to the provisions of Section 5667(3)(A)(B) of the Welfare and Institutions Code (WIC) and has always been in good standing with Alameda County. Since the facility is considered licensed, pursuant to Section 5667 of WIC, staff counsel has determined the facility is eligible for HELP II financing.

Competition:

CSS is the only suicide prevention and crisis intervention service for all of Alameda County. The service is available 24 hours per day, 365 days per year.

V. OUTSTANDING DEBT:

CSS has no outstanding debt.

VI. SECTION 15438.5 OF THE ACT:

With the proposed HELP II loan, CSS will save an estimated \$14,000 annually in comparison to its current rent payment. CSS will use these savings to provide additional resources for volunteer recruitment and training and to allow program expansion for all existing programs.

VII. LEGAL REVIEW:

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed to question the financial viability or legal integrity of this applicant.

VIII. STAFF RECOMMENDATION:

Staff recommends the Authority approve a resolution for a HELP II Loan in an amount not to exceed \$400,000 for a term of 15 years for Crisis Support Services of Alameda County subject to the standard HELP II loan provisions.